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ANNUAL REPORT

INSURANCE BRANCH

BENEFITS AND SERVICES DIVISION

OFFICE OF PERSONNEL

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Approved For Release 2001/03/04 : CIA-RDP80-01826R000200050010-8

SECTION I

Major Accomplishments and Significant Developments

1 July 1964 - 30 June 1965

Attached, as part of this report, is a summary of Insurance activities during the reporting period, 1 July 1964 - 30 June 1965. Growth in the new program is still very much in evidence, partly the result of the inception of new plans, additional open periods on some of the old plans, and a general increase in the complexity of problems associated with overall settlement of claims. In addition, heavy burdens have been felt as the result of the upswing in cover and security problems relating to the establishment of additional forms of hospital admission cards.

Still wider than usual use is being made of facilities in setting up covert activities and individual assignments whereby special arrangements for coverage are required. These added functions necessitate more technical and specialized knowledge on the part of employees of this Branch who perform these individual functions. The routine claims in the FEHBA (hospitalization plan) are still becoming more complicated as detailed requirements are added to the plan. They are almost each an individual challenge to the claims adjudication. Dental claims are most difficult not only in their settlement but also insofar as supplying satisfactory explanations to the policyholders as to what is and what is not reimbursable under the contract. It is hoped that improved procedures will lessen this workload somewhat in the near future. This Branch still employs

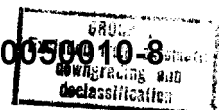
25X1C

Another source of additional work has been the establishment of two additional fiscal accounts to record the salary reimbursements to be made to the Agency in line with established policy of subsidization wherever possible. Two other new Fiscal accounts are also in use.

The Branch Chief continues to devote more and more time to assisting the Division Chief with policy making problems, with the

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25X1A Underwriters, Civil Service Commission representatives, and also individual projects with their own peculiar operating problems. Several field trips were made in the [REDACTED] to assist at the actual location of the function. Review of proposed plans by divisions as well as individual counseling still take a great deal of time. The new 24-hour flight and accident plan, inaugurated on 1 May 1965, presented a great many time consuming problems which are finally solved to the great betterment of most employees, especially those in "hot areas" of the world.

The difficulties experienced in obtaining replacements, both temporarily and permanently, have placed a tremendous workload on the personnel of this Branch. However, with the dedicated approach to the problem of "picking up the slack," journeymen employees have succeeded in keeping backlogs at a reasonable minimum. The problems faced have, of course, been compounded many times by the totally inadequate space and physically split locations of operations, which it is hoped will be solved before long. A unified operating location could not help but make for more economical and efficient use of personnel on an interchangeable basis.

From a lecture standpoint, the Branch Chief was invited to speak at a number of Senior Staff meetings, and a number of Division meetings at which time the new plans were explained. The Branch Chief, with the Division Chief, are regular lecturers at the Clandestine Services Review Course. In addition, due to the increase in coverage available, the Branch Chief was called upon to have many more than the usual number of discussions with individuals of all grade levels, regarding their overall insurance programs. The health statements accompanying many of the applications for increased UBLIC coverage continue to be reviewed and approved by the Branch Chief personally, this calling for careful underwriting and occasional dealings with the Medical Staff. Some of these applications require as many as five or six conversations with the applicants in advising them of necessary procedures to obtain coverage or at least to finalize action in the case. These activities demonstrated most vividly the continuous need for additional assistance for the Branch Chief in the field of life insurance underwriting and individual counseling.

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Insurance Programs in General

During the past year 1964-1965, the GEHA program continued to grow, as indicated below, with some new coverages or improved coverages being partly responsible for such growth.

- 25X9 a. The Federal Employees Health Benefits Plan (Association) has leveled off with a membership of about [REDACTED]
- b. The WAEPA Plan showed a gain of 39 policyholders for a new total of 1,343 and an amount in force of \$24,354,375.00, an increase of better than \$500,000 in the year.
- 25X9 c. The UBLIC Plan still continues to grow with [REDACTED] policyholders being covered by \$86,047,500.00 in force, an increase of 214 policies for \$5,638,500.00.
- d. The Contract Life reached a new high of [REDACTED] policies and \$4,417,500.00 in force. 25X9
- e. The total in force under the WAEPA, UBLIC, and Contract life insurance plans is [REDACTED] policies for \$114,819,375.00, an increase of more than \$6,500,000.00. 25X9
- f. PAMA (Parents Associated Medical Assurance) has leveled off in the number of policyholders, but an open period commenced on 1 June 1965 and will run through 31 July 1965. Reports do not include final totals, but as of June 30, 208 new applications had been received.
- g. DENTA (Dental Plan) - An open period covering 15 April through June 1965 resulted in the unexpected total of 2,146 or an increase in force of 35% over 1964 totals.
- h. FAP (24-hour Flight and Accident Plan) - With headquarters and field notices now being distributed, a large influx of applications is expected. During the emergency in early May, 51 applications for \$2,600,000.00 were processed. This permits the "fazing" out of the Travel-Matic and Flite Plans.

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Specific Major Accomplishments:

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25X1A 2. During the year the Branch Chief made two trips to the Underwriter at [REDACTED] and also visited the [REDACTED] Supply Depots of Logistics. Assistance was offered, at the latter Stations, in solving local problems involving hospitalization coverage. 25X1A

3. The annual audit for the year ending 31 December 1964, was completed during the period January 18 through February 23, 1965. This report was filed and reviewed by the officers and Board of Directors of GEHA. As has been the case in the past, only three minor points were raised, the solution of which all have been mutually agreed upon.

4. During the period 1 February through 15 February 1965, an "open period" was declared by the Civil Service Commission under the Federal Employees Health Benefits Act program. There were 453 applications and/or changes processed.

5. An "open period" for the DENTA program was declared beginning 15 April through 30 June 1965, during which time 783 new applications were received, as well as 17 changes. This total is not complete as there are still some being approved administratively because of inability to comply with deadlines, beyond the control of the applicants.

6. Due to the starting of the new 24-hour accident plan (FAP-- Flight and Accident Policy) on 1 May 1965, issuance of new policies for Travel-Matic and/or Flite Plan were stopped as of the same date.

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7. Following the rule of not putting more than \$10,000.00 in any Federally insured depository, there is presently invested \$347,132.22 in 36 different Savings and Loan Companies, with interest ranging from 4.5 to 4.97 per cent.

8. Special I. D. cards for use of retirees, who had been covert employees, were prepared and put into use at [REDACTED] and [REDACTED] 25X1A6a

9. Commencing in November 1964, new I. D. cards were distributed to GEHA members. These were necessitated by the improved benefits, i. e. Room and Board raised from \$20.00 to \$25.00 per day, etc.

10. The third annual "financial statement," in the form of an "Annual Information Sheet," as of 31 December 1964, was distributed to GEHA members. This has proven to be a welcome publication with our customers.

11. Benefits were increased under the Federal hospitalization plan (Association) as of November 1, 1964. Due to these added reimbursements, as well as the increased costs of hospitalization, the rates were increased effective November 8, 1965.

12. During the year administrative charges were added to the hospitalization premiums. As a result, three persons can be paid from this revenue; thus, with one employee being paid from UBLIC "dividends," and one from DENTA, bringing the total to five Insurance Branch employees whose salaries are being subsidized.

13. An "open period" for PAMA (Parents Associated Medical Assurance) was held during the period starting June 1 through July 31, 1965. As of June 30, 1965, 187 new applications and 15 changes had been received.

14. PAMA premiums were increased as of June 1, 1965. This resulted from excessive claims and increased hospital charges. A notice was issued on this subject.

15. The annual income tax returns were completed and forwarded to Collector of Internal Revenue.

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16. Arrangements were made to have the benefits improved and premiums raised on the Contract Hospitalization contract. Notices have been sent to all administrative officers advising of same. A 4% administrative charge is being included to be used towards possible subsidization of the salary of one more employee.

17. A dispatch was sent to the field advising of the termination of the Flite Plan and Travel-Matic Plan as of May 1, 1965, and offering the present policyholders the right to switch to the new FAP at the termination of the period covered by present plan. This was in advance of the now distributed headquarters and field notices.

18. The first two dismemberment claims were received and paid to two employees under their UBLIC and WAEPA contracts.

19. The first dismemberment claim was received and paid under the Flite Plan contract.

20. Claims under the two life insurance plans were received and paid in the highest amounts so far. Under UBLIC, 16 claims were paid for \$160,200.00; with 9 claims for \$130,792.04, being paid under WAEPA.

21. An effort was made to give greater publicity to the annual GEHA meeting with the result that more than 50 members attended. This figure is more than double the number who have attended any previous meeting. It is hoped that continued use of signs, publications, etc. will result in further improvement in attendance.

22. Regular scheduled Board of Directors' meetings were held in August and December 1964, and in February and May 1965, in addition to a special meeting called in October 1964.

23. A regularly scheduled [REDACTED] Board of Directors' meeting was held in January 1965.

24. In August 1964, a check for \$77,442.00 was received from UBLIC representing a return of premiums for the year ending July 31, 1964. It has been the practice in past years to return this to policyholders on an individual basis but since the amount of insurance in force more than doubled during last year, and based on a recommendation by the Underwriter, this money has been deposited in the reserve

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bringing it to about \$319,000.00. Previously the limit of this reserve had been set at \$250,000.00, the approximate amount of the annual premium, but now it has been raised to \$450,000.00. The Board of Directors will take action on each succeeding year's "return" as it is received.

25. Folders in the Insurance Branch were checked against a list provided by the Office of Computer Services so that the records would be in accord. At the same time all folders were annotated with the proper cover entry supplied by Central Cover Staff. The monumental effort expended will be more than justified by the reduction in the danger of security slip-ups and payroll mistakes.

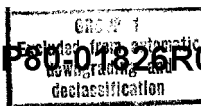
26. Numerous lectures, as indicated on the attached statistical report, continue to be given to all EOD's by representatives of the Branch. These lectures include those given to professionals at headquarters and those given to clerical recruits at 16th Street. As was mentioned previously, the Branch Chief lectures to individual groups both in and away from headquarters. Groups and individuals leaving and returning to headquarters, and JOT groups or individuals, are briefed by the Branch Chief or by the Deputy Branch Chief. As part of this briefing program, a regular schedule of points to be briefed has been arranged providing a similar briefing to all personnel.

27. During the months of October and December 1964, the Insurance Branch administered the Flu Shot program. The Medical Staff administered 4,350 vaccine shots during the period. Of the total amount received \$1,960 was turned over to the Medical Staff to defray the costs of the vaccine used, and the balance of \$97.55 was given to the Employee Services of the Benefits and Services Division.

28. The Branch Chief, as Vice-President-Secretary, and the Deputy Branch Chief, as Treasurer of GEHA, provided the President and Board of Directors with detailed statistical reports for use in deliberating policies involving the Insurance program. Minutes and reports of the Board of Director's meetings constitute further duties for the Secretary. He also sets up the Annual Membership meeting and prepares, distributes, and counts the ballots for the election of Directors.

The following Section reflects a report of the operational activities of this Branch for the reporting period.

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~~SECRET~~SUMMARY OF INSURANCE ACTIVITY

1 July 1964 - 30 June 1965

Types of CoverageWAEPA

New Applications	184	
Cancellations	145	
Policies in Force		25X9
Insurance in Force	\$24,354,375.00	
* Claims (9)	\$ 130,792.04	

UBLIC

New Applications	387	
Cancellations	173	
Policies in Force		25X9
Insurance in Force	\$86,047,500.00	
** Claims (16)	\$ 160,200.00	

CONTRACT LIFE

New Applications	78	
Cancellations	42	
Policies in Force		25X9
Insurance in Force	\$ 4,417,500.00	
Claims	- 0 -	

*Four at \$20,000.00; one at \$16,270.03; one at \$16,268.70; one at \$16,250; one at \$1,003.31 (dependent); one at \$1,000 (dependent).

** One at \$40,000.00; one at \$30,000.00; one at \$25,000.00; three at \$15,000.00; one at \$12,000.00; eight at \$1,000.00 (dependents); one at \$200.00 (dependent).

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Type of Coverage (continued)

AIR FLIGHT

New Applications	1,611
Cancellations	905
Policies in Force	1,604
Claims Paid	0

MILITARY AIR FLIGHT

New Applications	212
Cancellations	155
Policies in Force	78
Claims Paid	0

FLITE PLAN

New Applications	34
Cancellations	20
Policies in Force	86
Claims Paid	0

TRAVEL-MATIC

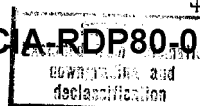
New Applications	72
Cancellations	110
Policies in Force	303
Claims Paid	0

FLIGHT AND ACCIDENT PLAN (Month of June 1965)

New Applications	53
Cancellations	0
Policies in Force	53
Insurance in Force	\$2,600,000.00
Claims	0

EMERGENCY TRAVEL

New Applications	44
Cancellations	32
Policies in Force	70
Number of Claims	2
Claims Paid	\$1,811.81

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Type of Coverage (continued)


INCOME REPLACEMENT

New Applications	47
Cancellations	13
Policies in Force	281
Number of Claims	16
Claims Paid	\$4,739.02

SPECIFIED DISEASES

New Applications	130
Cancellations	124
Policies in Force	1,166
Number of Claims	4
Claims Paid	\$40.95

CONTRACT HOSPITALIZATION

New Applications	201) These figures are as) of P/P 4/11/64 to) 5/8/65 25X9
Cancellations	92	
Policies in Force		
Number of Claims	365	
Claims Paid	\$61,166.65	
Average per Claim	\$ 167.55	

MUTUAL HOSPITALIZATION (Association Plan - FEHBA)

25X9	New Applications	1,018) These figures are as) of P/P 4/11/64 to) 5/8/65
	Cancellations	1,274	
	Policies in Force		
	Number of Claims		
	Claims Paid	\$ 	
	Average per Claim	\$ 	

PAMA HOSPITALIZATION

New Applications	46
Cancellations	120
Policies in Force	1,113
Number of Claims	460
Claims Paid	\$101,482.49
Average per Claim	\$ 220.61

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Types of Coverage (continued)

DENTAL INSURANCE (DENTA)

New Applications	770
Cancellations	203
Policies in Force	2,146
Number of Claims	882
Claims Paid	\$92,245.95
Average per Claim	\$ 104.58

MISCELLANEOUS

TALKS TO NEW E.O.D.'s

Number of Talks	96
Number in Attendance	1,245

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SECTION II

Specific Plans for Fiscal Year 1966

(7/1/65 - 6/30/66)

1. Efforts will again be made to issue a revision of the gray "Association Plans" booklet, thereby bringing it up to date, including a chapter on the Federal Employees Health Benefits Program.
2. The Branch again hopes to arrange an overseas trip by a representative of GEHA, together with one from BCB, for the purpose of expediting and setting up all matters involving the Benefits and Services Division, and to assure that personnel responsible for such matters are completely appraised of all necessary and current information. Such trip could be tied in with assembling of appropriate personnel on an area basis.
3. Plans presently agreed upon call for the Chief, BSD, and/or the Chief, Insurance Branch, to visit the home office of [REDACTED] at least semi-annually.
4. With the increased workloads expected, due to normal growth of the plans, plus the extra work resulting from the PAMA and DENTA plans, additional personnel will be required to keep work current. A qualified man, with an insurance background, for assignment to the Branch, is still being recruited, whom it is hoped will develop into a possible future Agency insurance specialist able to assist the Chief with all policy and liaison matters. It is also still planned, in view of our more than [REDACTED] folders in the files, and which involve traffic of about 300 folders "in and out" daily, to establish a files unit of three people with one grade GS-6 or 7 in charge.
5. The officers will continue to study all plans presently in effect, with a view to making any improvements possible in them. In addition, other plans not now existent will be studied, with the idea in mind of possible future adoption.
6. It is hoped that plans can be completed for establishment of some form of terminal benefits on our UBLIC contract, something

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similar to those presently available under WAEPA. The Board of Directors have expressed great interest in this attempt.

7. Efforts will continue to be pressed towards scheduling lectures with all staffs of all operating divisions.

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SECTION III

Projected Workload Statistics

for Fiscal 1966 - 1967

Normal growth of all plans administered by the Insurance Branch can be expected to take place during fiscal 1966 - 1967. In addition, due to long-range planning other new plans will probably be added to the program. This will undoubtedly necessitate additional personnel with the necessary supervisory position adjustments to go with such increase.

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